

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

**FIRST SUPPLEMENTAL DECLARATION OF EREZ E. GILAD IN SUPPORT OF
APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING AND APPROVING THE
RETENTION AND EMPLOYMENT OF PAUL HASTINGS LLP AS LEAD COUNSEL
TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS, EFFECTIVE AS
OF DECEMBER 20, 2022, AND NOTICE OF INCREASE IN HOURLY RATES**

Pursuant to Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), I, Erez E. Gilad, declare that the following is true to the best of my knowledge, information, and belief:

1. I am a partner with the law firm of Paul Hastings LLP (“Paul Hastings”), located at, among other offices worldwide, 200 Park Avenue, New York, New York 10166.

2. I am an attorney-at-law, duly admitted and in good standing to practice in the State of New York, the United States District Court for the Southern District of New York, and the United States District Court for the Eastern District of New York. I have also been admitted before the United States Court of Appeals for the Second Circuit.

3. I submit this first supplemental declaration (this “Supplemental Declaration”) in support of the *Application for Entry of an Order, Pursuant to Bankruptcy Code Sections 328, 330, and 1103, Authorizing and Approving the Retention and Employment of Paul Hastings LLP*

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification numbers are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>.

as Lead Counsel to the Official Committee of Unsecured Creditors, Effective as of December 20, 2022 (the “Application”), which was filed on January 18, 2023 [Docket No. 518].²

4. Except as otherwise set forth herein, the facts set forth in this Supplemental Declaration are based upon my personal knowledge, discussions with other Paul Hastings attorneys and employees, the firm’s client/matter records that were reviewed by me and/or other Paul Hastings attorneys or employees acting under my supervision or direction, based on responses received to email inquiries (or the lack of responses to email inquiries made upon negative notice), and other information provided to me by other Paul Hastings attorneys and employees.

5. On January 18, 2023, I submitted a declaration (the “Initial Declaration”) in support of the Application. I hereby incorporate by reference, in its entirety, the Initial Declaration as if fully set forth herein, and supplement the Initial Declaration as follows:

6. To the best of my knowledge, information and belief:

- (i) I am informed that the Committee interviewed six law firms (including Paul Hastings) for the position of lead counsel prior to selecting Paul Hastings as counsel.
- (ii) On January 19, 2023, Genesis Global Holdco, LLC and certain of its affiliates (collectively, “Genesis”) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in United States Bankruptcy Court for the Southern District of New York. GGC International Ltd., a member of the Committee, is a non-debtor affiliate of Genesis. Paul Hastings has represented or currently represents the following Genesis affiliates, in each case, in matters unrelated to the Debtors or the Chapter 11 Cases (and the fees collected by Paul Hastings on account of such representations for the applicable reference periods are summarized below):

² Each capitalized term that is used but not defined herein shall have the meaning set forth in the Initial Declaration.

	2/1/22 -12/31/22	FY 2021 ending 1/31/22
Genesis Global Trading, Inc.	\$183,000	\$0
Grayscale Investments, LLC	\$15,000	\$0
CoinDesk Inc.	\$39,986	\$0

A formal conflict search with respect to parties-in-interest involved in the Genesis chapter 11 cases was not performed.

- (iii) On January 25, 2023, Paul Hastings filed an application under section 327(e) of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York overseeing Voyager's chapter 11 cases to be retained as special regulatory and conflicts counsel to Voyager (the "Voyager Retention Application"). The declaration filed in support of the Voyager Retention Application discloses all known connections to parties-in-interest in Voyager's chapter 11 cases. In addition, on July 13, 2022, Celsius Network LLC ("Celsius") and certain of its affiliates filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. A formal conflict search with respect to parties-in-interest involved in Celsius' chapter 11 cases was not performed. I am aware that Paul Hastings currently represents certain current and former officers of Celsius in their individual capacities, in matters unrelated to the FTX Debtors and the Chapter 11 Cases.
- (iv) Except as noted in clause (x) below, neither Paul Hastings nor the attorneys currently working on the representation of the Committee in the FTX Chapter 11 Cases has any connection to Samuel Bankman-Fried, Joseph Bankman, Barbara Fried, Nishad Singh, Gary Wang, Caroline Ellison, Ryan Salame or Ryne Miller.
- (v) None of Samuel Bankman-Fried, Joseph Bankman, Barbara Fried, Nishad Singh, Gary Wang, Caroline Ellison, Ryan Salame or Ryne Miller has been a client of Paul Hastings or any of the attorneys currently working on the representation of the Committee in the FTX Chapter 11 Cases.
- (vi) Paul Hastings' representation of WRS, described in paragraph 12(b) of the Initial Declaration, terminated on November 18, 2022.
- (vii) Fees collected by Paul Hastings on account of its representation of Binance Capital Management Co., Ltd. and BAM Trading Services (Binance US), as described in paragraphs 12(d) and 12(e) of the Initial Declaration, accounted for the following percentages of the aggregate fees collected by Paul Hastings for the periods referenced below:

	2/1/22 - 12/31/22	FY 2021 ending 1/31/22	FY 2020 ending 1/31/21	FY 2019 ending 1/31/20
Binance Capital Management Co., Ltd.	0.00%	0.02%	0.09%	0.01%
BAM Trading Services (Binance US)	0.29%	0.07%	0.07%	0.01%

- (viii) Paul Hastings did not advise Binance with respect to its decision not to pursue a sale transaction with the Debtors in the weeks prior to the Petition Date.
- (ix) Neither Paul Hastings (subject to sub-clause (x) below) nor the attorneys currently working on the representation of the Committee in the FTX Chapter 11 Cases has ever represented Changpeng Zhao.
- (x) Paragraph 12(e) of the Initial Declaration is supplemented as follows (which reflects information provided to me by Paul Hastings attorneys and personnel with direct knowledge thereof): In July 2021, Paul Hastings represented Binance Capital Management Co. Ltd. (“Binance”) in connection with the structuring, negotiation and sale of its equity stake in FTX to Debtor Euclid Way Ltd. In connection with such equity sale transaction, Paul Hastings entered into an engagement letter with Binance Capital Management Co. Ltd., as “Client”, to serve as legal counsel. The engagement letter provided that Paul Hastings would “assist Client (including its affiliates) on its investment projects around the world... including its investments in FTX Trading Ltd....”. In connection with the July 2021 equity sale transaction, each of Changpeng Zhao, Dinghua Xiao and Samuel Wenjun Lim, respectively, sold shares in FTX to Samuel Bankman-Fried, Zixiao Wang and Nishad Singh, respectively, pursuant to separate share transfer agreements in the form negotiated by Paul Hastings on behalf of Binance. Each such share transfer agreement referred to Paul Hastings as a notice party. However, Paul Hastings did not enter into an attorney-client relationship with Changpeng Zhao, Dinghua Xiao or Samuel Wenjun Lim, in their individual capacities, in connection with the sale of their shares.
- (xi) Certain attorneys working on the representation of the Committee in the FTX Chapter 11 Cases are also representing Voyager in matters unrelated to the FTX Debtors or the FTX Chapter 11 Cases.
- (xii) Paragraph 12(g) of the Initial Declaration is supplemented as follows: Coincident Capital International, Ltd. is a member of the Committee. Paul Hastings represents the following affiliates or entities related to Coincident Capital International, Ltd.: Paul Hastings represents Coincident Capital GP, LLC, Coincident Management, LLC, and their managers, Wen Hou and Sunil Shah, in litigation adverse to Bryce Gilleland, a former manager and his new management company (Asha Capital Partners, LP), in litigation related to Gilleland’s removal

as a manager, and his derivative complaint. Paul Hastings also represents Coincident Capital GP, LLC and Coincident Capital Management, LLC in connection with matters relating to private, pooled investment vehicles managed by such entities or their affiliates.

- (xiii) Paragraph 12(i) of the Initial Declaration is supplemented as follows:
- i. None of the parties-in-interest reflected in the disclosure in paragraph 12(i) of the Initial Declaration was identified as a party-in-interest by the Debtors, except for Dave, Inc. and HODL Media, Inc.
 - ii. Paul Hastings previously represented Dave, Inc. in a matter related to the Debtors. That matter was closed prior to the filing of the Initial Declaration. Dave, Inc. remains a current client on matters that are unrelated to the Debtors and the Chapter 11 Cases. Paul Hastings collected from Dave, Inc., on account of all of Paul Hastings' representations of Dave, Inc. (including matters related to and unrelated to the Debtors), the aggregate amount of approximately (i) \$560,572 for the period February 1, 2022 through December 31, 2022, (ii) \$767,242 for the fiscal year ending January 31, 2022, (iii) \$1,273,441 for the fiscal year ending January 31, 2021, and (iv) \$610,672 for the fiscal year ending January 31, 2020.
 - iii. In addition, Paul Hastings continues to represent certain of the clients reflected in paragraph 12(i) of the Initial Declaration (not identified by the Debtors' counsel as parties-in-interest) on matters that are unrelated to the Debtors and the Chapter 11 Cases.
- (xiv) None of the representations described in paragraph 12(l) of the Initial Declaration involves matters related to the Debtors or the Chapter 11 Cases.
- (xv) None of the referrals referenced in paragraph 12(m) of the Initial Declaration involve Sullivan & Cromwell LLP.
- (xvi) Based on responses to a firm-wide email (made upon negative notice) asking if any attorneys held accounts or deposited funds with FTX, two attorneys at Paul Hastings indicated they have accounts with FTX US with approximately \$80 and \$500 on deposit in each, and neither attorney works on Committee matters.
- (xvii) None of the connections described in Schedule 2 of the Initial Declaration relate to the FTX Debtors or the Chapter 11 Cases, except as described therein, in the Initial Declaration or this Supplemental Declaration.
- (xviii) Paul Hastings has represented and currently represents one or more entities (which were not identified by the Debtors as a party-in-interest in these Chapter 11 Cases) affiliated with Zach Bruch, in matters that are unrelated to the Debtors and the Chapter 11 Cases. Zach Bruch is a member of the Committee.

- (xix) With respect to certain matters identified in the Initial Declaration as “closed”, although work is no longer being performed, the matter may be reflected as “inactive” on Paul Hastings’ system due to the fact that an invoice remains outstanding, and such matter is deemed “closed” for purposes of Paul Hastings’ systems once such invoice is paid or written off.

7. Paul Hastings shall not represent the Committee in (a) the adversary proceeding, Adv. Pro. No. 23-50084 (JTD), commenced by Debtor-Alameda Research Ltd. against Voyager and HTC Trading Inc. in the United States Bankruptcy Court for the District of Delaware to avoid and recover preferential transfers, or (b) litigation between WRS and Voyager over the termination of the asset purchase agreement, dated as of September 27, 2022, by and between WRS and Voyager. YCST (or such other conflicts counsel determined by the Committee) shall represent the Committee in such matters.

8. In the event an actual conflict of interest arises in connection with Paul Hastings’ representation of the Committee, on the one hand, and a current client of Paul Hastings, on the other hand, Paul Hastings shall not represent the Committee in any such matter, and the Committee shall be represented by YCST (or such other conflicts counsel determined by the Committee) in such matter.

9. Paul Hastings hereby waives any potential claim for indemnification against WRS that may arise in connection with Paul Hastings’ prior representation of WRS described in paragraph 12(b) of the Initial Declaration.

10. In the ordinary course of its business, Paul Hasting periodically adjusts the hourly rates of its attorneys and paraprofessionals. Paul Hastings’ new standard hourly rates for 2023 are set forth below (such rates shall apply to Paul Hastings’ representation of the Committee in these Chapter 11 Cases beginning on the date that is five business days after the date hereof):

Title	U.S. Hourly Rate Range³
Partners	\$1,400 - \$2,075
Of Counsel	\$1,425 - \$2,000
Associates	\$800 - \$1,320
Paraprofessionals	\$275 - \$600

11. Despite the efforts described in the Initial Declaration and this Supplemental Declaration to identify and disclose Paul Hastings' connection with parties-in-interest in the Chapter 11 Cases, Paul Hastings is unable to state with certainty that every client representation or other connection has been disclosed. In this regard, if Paul Hastings discovers additional information that requires disclosure, Paul Hastings will file a supplemental disclosure with the Court.

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³ For professionals and paraprofessionals residing outside of the U.S., hourly rates are billed in the applicable currency. When billing a U.S. entity, such foreign rates are converted into U.S. dollars at the then applicable conversion rate. After converting these foreign rates into U.S. dollars, it is possible that certain rates may exceed the billing rates listed in the chart herein.

I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed this 7th day of February, 2023.

/s/ Erez E. Gilad

Erez E. Gilad